

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2016 / 2017 SESSION

DEC5038 – ENTREPRENEURSHIP

(Diploma Students Only)

31 MAY 2017
2.30 p.m - 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **10** pages with 3 sections.
2. For section A and B, shade your answers in the OMR sheet provided.
3. For section C, write your answers in the answer booklet provided.

SECTION A: MULTIPLE CHOICE QUESTIONS (each question carries 1.5 marks). Answers for this section should be shaded on the OMR form.

1. Domino's Pizza is an example of _____ franchise.
 - A. conversions forms
 - B. pure
 - C. product distribution
 - D. trade name

2. Some franchisors offer _____ to give existing franchisees the right to exclusive distribution of brand name goods or services within a particular geographic area.
 - A. territorial protection
 - B. exclusive rights
 - C. guaranteed protection
 - D. exclusivity

3. When it comes to purchasing products, equipment, and incurring other expenses, the franchisor _____.
 - A. can set prices franchisees pay for the products but cannot set the retail price the franchisees charge
 - B. cannot require the franchisees to buy from the franchise company
 - C. is permitted to set the retail price for the franchisee
 - D. cannot require franchisees to buy from an "approval" supplier

4. The following are the benefits of franchising **EXCEPT** _____.
 - I. a business system
 - II. management training and support
 - III. profit
 - IV. start-up cost
 - A. I and II
 - B. II and III
 - C. III and IV
 - D. IV only

Continued...

5. A franchise myth is that _____.
- A. the owner needs to be hands on
 - B. the franchise will only expect to be paid when the franchisee is profitable
 - C. franchises fail at a rate higher than independently owned business
 - D. once the franchise is open, the franchisee has autonomy to run the business in whatever way he or she sees fit
6. In trends shaping franchising, co-branding also can be called _____.
- A. combination franchising
 - B. master franchising
 - C. area development
 - D. refranchising
7. When the franchisor has the right to establish a semi-independent organisation in a particular territory to recruit, sell, and support other franchises, it is known as a _____ franchise.
- A. multi-unit
 - B. cobranding
 - C. master
 - D. conversion
8. Franchises have experienced three major growth waves since beginning that include a focus on _____.
- A. rapid growth, the fast food, and specific market niches
 - B. stable growth, the service sector, and the food industry
 - C. rapid growth, the service sector, and specific market niches
 - D. predictable growth, the service sector, and specific market niches
9. The following are the disadvantages of franchise **EXCEPT** _____.
- A. standardised quality of goods and services
 - B. franchise fees
 - C. limited product line
 - D. less freedom

Continued...

10. A semi-independent business owners pay fees and royalties to a parent company in return for the right to become identified with its trademark, products, and often its business format and system is called _____.
- A. sole proprietorship
 - B. franchising
 - C. partnership
 - D. limited liability partnership
11. All of the following represents the benefit of selling on the Web **EXCEPT** _____.
- A. opportunity to increase revenues
 - B. power to educate and inform
 - C. ability to remain open 24 hours a day
 - D. limitations on what can be sold
12. One of the most valuable attributes of the Web is the ability to _____.
- A. enable the site to create an appearance that the organisation is able to meet customer needs that, in fact, are not possible based on its actual resources
 - B. provide companies with immediate customer feedback
 - C. eliminate advertising expenses and the amount of printed materials needed to facilitate promotional efforts
 - D. encourage the use of credit card as a means of payment for the online transaction
13. Which of the following is **NOT** an important strategy for having E-success?
- A. Develop a community.
 - B. Listen to your customers and act on what you hear.
 - C. Straight away focus on wide target market.
 - D. Attract visitors by giving away "freebies".
14. The following are critical strategy to success for going online, **EXCEPT** _____.
- A. define the target audience
 - B. unnecessary to understand the design of the website
 - C. understand customers' needs and wants
 - D. create a strategy to set your site apart from others

Continued...

15. Entrepreneurs should make sure they do not fall victim to any of the e-commerce myths. Which of the following is **NOT** an e-commerce myth?
- A. Setting up a business on the Web is easy and inexpensive.
 - B. If I launch a site, customers will flock to it.
 - C. Making money on the Web is easy.
 - D. Privacy and site security is an important issue on the Web.
16. Popular social media tool for small businesses include _____.
- A. television
 - B. social network
 - C. radio
 - D. magazine
17. Responsible online merchants should make sure shipping and handling charges are _____.
- A. unreasonable
 - B. late display in the buying process
 - C. easy to find
 - D. untraceable
18. One of the most valuable benefits of giving customers a reason to return to your site is that it can be an effective tool to _____.
- A. build customer loyalty
 - B. increase traffic
 - C. establish online habits
 - D. deter competitive action
19. Which of the following is **NOT** a way to build a credible Website?
- A. Be careful with frames.
 - B. Avoid fancy type faces and small fonts.
 - C. Be vigilant for errors.
 - D. Use same colors of texts and graphics.

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20. Tools that measure a website's ability to attract customers, generate sales, and keep customers coming back are _____.
- A. bounce rate
 - B. web analytics
 - C. conversion tools
 - D. cost per acquisition tools
21. The first obstacle an entrepreneur must overcome on the way to creating a truly global business is _____.
- A. learning to think globally
 - B. finding a joint venture partner
 - C. locating motivated, multilingual managers for overseas assignments
 - D. finding overseas distributors for the company's products
22. The following are the reason why entrepreneurs go global **EXCEPT** _____.
- A. offset sales declines in the domestic market
 - B. increase sales and profits
 - C. follow people's trend
 - D. improve competitive position
23. In a(n) _____, two or more Malaysian small businesses form an alliance for the purpose of exporting their goods and services. The companies get antitrust immunity and share responsibility for the business equally.
- A. foreign joint venture
 - B. domestic joint venture
 - C. trade intermediary
 - D. export management company
24. The most important ingredient for a successful joint venture is _____.
- A. targeting the right country in which to sell
 - B. getting government approval and avoiding antitrust charges
 - C. splitting costs and profits equally
 - D. choosing the right partner

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25. The first step in establishing a successful global franchise arrangement is to _____.
- A. identify the country or countries that are best suited to the franchiser's business concept
 - B. generate lead for potential franchisees
 - C. structure the franchise deal
 - D. select quality candidates
26. The biggest barrier facing companies that have never exported is _____.
- A. finding the financing to launch an export program
 - B. not knowing where or how to start
 - C. locating a trade intermediary to represent them in foreign markets
 - D. winning government approval to begin selling in foreign markets
27. A tariff is _____.
- A. a law that a government uses to regulate products that are imported into the country
 - B. the maximum amount of a product that can be imported or exported
 - C. a duty, or tax, that a government puts on products that are imported into the country
 - D. a prohibition or suspension of foreign trade of specific imports or exports
28. Rules, regulations and political risks are example of _____.
- A. cultural barriers
 - B. business barriers
 - C. dumping
 - D. political barriers

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29. Which of the following are the guidelines for success in international market?

- I. Take time to learn before jumping in.
- II. Seek out assistance from professionals.
- III. Develop new products for the world market.
- IV. Avoid learning foreign customs and languages.

- A. I only.
- B. I and III.
- C. I and IV.
- D. I, II and III.

30. The following are steps to successful importing **EXCEPT** _____.

- A. no research needed before you leave home
- B. protect your company's intellectual property
- C. make sure that importing is right for your business
- D. be sensitive to cultural differences

[TOTAL 45 MARKS]

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SECTION B: TRUE AND FALSE. (each question carries 1 mark)

Answer ALL questions. Answers for this section should be shaded on the OMR form.

31. Trade name franchising is a system of franchising in which a franchisee purchases the right to use the franchisor's trade name without distributing particular products under that name.
32. Pure franchising involves a system of franchising in which a franchisor sells a franchisee a complete business format and system.
33. The bigger the franchise, the more successful the franchisees will be.
34. E-commerce is replacing traditional retailing.
35. As the trend toward increased globalisation continues, successful companies must consider themselves businesses without borders.

[TOTAL 5 MARKS]

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SECTION C: STRUCTURED QUESTIONS [50 Marks].**Answer ALL questions. Answers should be written on the answer booklet provided.****QUESTION 1**

a) List the following:

- i. **FIVE (5)** characteristics of an entrepreneur. (5 marks)
- ii. **FIVE (5)** benefits of entrepreneurship. (5 marks)
- iii. **FIVE (5)** drawbacks of entrepreneurship. (5 marks)

[Total: 15 marks]**QUESTION 2**

a) Define the following terms:

- i. *"bootstrap marketing"*. (2 marks)
 - ii. *"sole proprietorship"*. (1 mark)
- b) A corporation is a separate legal entity apart from its owners that receives the right to exist from the state in which it is incorporated. State any **THREE (3)** advantages and any **THREE (3)** disadvantages of a corporation. (6 marks)
- c) Strategy is a road map of the actions that an entrepreneur draws up to a company's mission, goals, and objectives. Describe the following strategies:
- i. Cost-leadership
 - ii. Differentiation
 - iii. Focus
- (6 marks)

[Total: 15 marks]**Continued...**

QUESTION 3

- a) Entrepreneurs today have two options when it comes to raising money to fund their business, there are debt or equity financing. Explain **THREE (3)** features of equity and **THREE (3)** features of debt capital.
(6 marks)
- b) There are various methods in conducting primary and secondary research for feasibility analysis. Describe any **TWO (2)** differences between primary research and secondary research by providing examples.
(4 marks)
- c) In Porter's five forces model, there are five forces that interacts with one another to determine the setting in which companies compete and, hence, the attractiveness of the industry. List and explain the **FIVE (5)** forces in the model.
(10 marks)

[Total: 20 marks]

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